

Message Text

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ACTION EB-07

INFO OCT-01 AF-10 ARA-06 EA-07 EUR-12 NEA-10 IO-13

ISO-00 AGRE-00 COME-00 TRSE-00 STR-04 ITC-01

SSO-00 NSCE-00 INRE-00 USIE-00 CIAE-00 DODE-00

PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 EPG-02 /112 W

-----251841Z 042204 /41

O R 251700Z MAY 77

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 7669

INFO AMEMBASSY ABIDJAN

AMEMBASSY ANTANANARIVO

AMEMBASSY ASUNCION

AMEMBASSY BANGKOK

AMEMBASSY BERN

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BRIDGETOWN

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY CARACAS

AMEMBASSY DACCA

AMEMBASSY GEORGETOWN

AMEMBASSY GUATEMALA

AMEMBASSY HELSINKI

AMEMBASSY KHARTOUM

AMEMBASSY KINGSTON

AMEMBASSY KINSHASA

AMEMBASSY LA PAZ

AMEMBASSY LILONGWE

AMEMBASSY LIMA

AMEMBASSY LISBON

AMEMBASSY MADRID

AMEMBASSY MANAGUA

AMEMBASSY MANILA

AMEMBASSY MAPUTO

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AMEMBASSY MBABANE

AMEMBASSY MEXICO

AMEMBASSY MOGADISCIO

AMEMBASSY MONTEVIDEO

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY PANAMA
AMEMBASSY PORT LOUIS
AMEMBASSY PORT OF SPAIN
AMEMBASSY PRETORIA
:AMEMBASSY QUITO 249-250
AMEMBASSY RABAT
AMEMBASSY SAN JOSE
AMEMBASSY SAN SALVADOR
AMEMBASSY SANTIAGO
AMEMBASSY SEOUL
AMEMBASSY SOFIA
AMEMBASSY STOCKHOLM
AMEMBASSY SUVA
AMEMBASSY TAIPEI
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AMEMBASSY TEL AVIV
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AMEMBASSY VIENNA
AMEMBASSY WELLINGTON
AMCONSUL BELIZE
AMCONSUL CALI
AMCONSUL CAPETOWN
AMCONSUL DURBAN
AMCONSUL GUAYAQUIL
AMCONSUL RIO DE JANEIRO
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LIMITED OFFICIAL USE SECTION 1 OF 2 GENEVA 4107

E.O. 11652: N/A

TAGS: UNCTAD, ETRD

SUBJECT: SUGAR NEGOTIATIONS: CHAIRMAN'S PROPOSAL

REF: GENEVA 4046

1. AT THE SECOND MEETING OF THE CHAIRMAN'S ADVISORY GROUP (6 IMPORTERS, 10 EXPORTERS), AFTERNOON OF MAY 24, CONFERENCE CHAIRMAN JONES-PARRY TABLED A PACKAGE PROPOSAL FOR A NEW INTERNATIONAL SUGAR AGREEMENT (ISA). PACKAGE IS DESIGNED TO STABILIZE PRICES IN MIDDLE BAND OF AN 11 TO 21 CENT PRICE RANGE. IT WAS DISCUSSED FOR TECHNICAL CLARIFICATION, BUT NO SUBSTANTIVE DECISIONS WERE MADE ON IT. PROPOSAL MIGHT FORM A BASIS FOR NEGOTIATIONS, BUT OBVIOUSLY WOULD REQUIRE CONSIDERABLE ALTERATION.

2. MAJOR ELEMENTS OF PROPOSAL ARE:

(A) GLOBAL QUOTA. STARTING WITH 15 MILLION TON FREE MARKET, DECUCTIONS WOULD BE MADE FOR "LITTLE GUYS" (400,000), NON-MEMBERS (600,000), AND OTHER ENTITLEMENS (2 MILLION), LEAVING 12 MILLION TONS 1978 GLOBAL QUOTA TO BE DIVIDED AMONG THE REST (NUMBERS ARE NOTIONAL APPROXIMATION).

(B) INITIAL PERCENTAGE MARKET SHARES. FIXED FOR FIRST TWO YEARS OF ISA. INITIAL QUOTAS SHOULD NOT BE REDUCED BELOW 85 PERCENT.

(C) REVISIONS OF MARKET SHARES. WILL BE REVIEWED FOR THIRD, FOURTH, AND FIFTH YEARS (SIXTH ALSO, IF EXTENDED). REVISIONS WILL BE NEGOTIATED, BUT TAKING INTO ACCOUNT PERFORMANCE AND "ASCERTAINABLE PLANS AND ASPIRATIONS."

(D) SHORT FALLS (SURRENDERS). AUTOMATIC REDISTRIBUTION WHEN PRICE BETWEEN 13 AND 16 CENTS.
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(E) PRICES: SECTOR CENTS PER LB.

(I)	UPPER	19 - 21
(II)	MIDDLE	13.5 - 18.99
(III)	LOWER	11 - 13.49

QUOTAS WILL BE REMOVED AT 16 CENTS (NO SEPARATE PRICE TRIGGER IS SPELLED OUT FOR REIMPOSITON). AT 15 CENTS THE GLOBAL QUOTA WILL BE "NOT LESS THAN 100 PERCENT," BUT COUNCIL WILL HAVE

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AUTHORITY TO ADJUST GLOBAL QUOTA. (IN RESPONSE TO QUESTIONS, JONES-PARRY THOUGHT GLOBAL QUOTA SHOULD BE REDUCED TO 95 PERCENT AT 13.50 CENTS AND 90 PERCENT AT 12 CENTS.) (NOTE: TRIGGERS FOR DIFFERENT ACTIONS ARE IN FACT SPREAD THROUGHOUT UPPER, MIDDLE AND LOWER BANDS; CLOSEST THING TO A FREE ZONE IS 16 TO 19 CENTS).

(F) NON-MEMBERS. IMPORTS FOR NON-MEMBERS TO BE LIMITED TO AVERAGE OF IMPORTS FOR THE 1974-1976 PERIOD IF PRICE BELOW 21 CENTS.

(G) ASSURANCE OF SUPPLIED. PRIORITY TO PURCHASING MEMBERS WHEN PRICES WITHIN RANGE. PURCHASING AND SUPPLY COMMITMENTS CONCEPT DROPPED.

(H) MINIMUM STOCKS.

(I) MINIMUM STOCKS OF 1.75 MILLION TONS, PRO-RATED ACCORDING TO MARKET SHARES, WITH 1.5 COEFFICIENT APPLIED TO DEVELOPED MEMBERS.

(II) VERIFIED BY WAREHOUSE RECEIPTS.

(III) STOCKS RELEASED IN TRANCHES OF ONE-THIRD AT 19, 20, AND 21 CENTS.

(IV) STOCK REPLENISHMENT AT 16 CENTS.

(I) SPECIAL STOCKS: WHEN GLOBAL QUOTA IS CUT TO 95 PERCENT, THREE PERCENT OF INITIAL GLOBAL QUOTA (360.000)

WOULD BE PUT IN SPECIAL STOCKS, AND ANOTHER THREE PERCENT
(360,000) WHEN GLOBAL QUOTA REDUCED TO 90 PERCENT. OF THIS,
360,000 TONS WOULD BE RELEASED TO "HELP TO MEET AN EXPORTING
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MEMBER'S QUOTA INCREASE", WHEN THE GLOBAL QUOTA
IS INCREASED FROM 90 TO 00 PERCENT. THE REMAINING
360,000 TONS WOULD BE RELEASED WHEN QUOTAS ARE SUSPENDED
AT 16 CENTS. SORENSON

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Message Attributes

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Secure: OPEN
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Type: TE
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